

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1385-01
Bill No.: SB 344
Subject: Insurance - Medical; Health Care
Type: Original
Date: April 19, 2011

Bill Summary: Requires health insurance policies to cover ultrasound screenings where mammograms demonstrate dense breast tissue.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--|-------------------------|-------------------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| General Revenue | \$0 or (Unknown less than \$50,000) | \$0 or (Unknown) | \$0 or (Unknown) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 or (Unknown less than \$50,000) | \$0 or (Unknown) | \$0 or (Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------------|------------------|------------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| Road | (Unknown) | (Unknown) | (Unknown) |
| Insurance Dedicated | Up to \$5,000 | \$0 | \$0 |
| Total Estimated Net Effect on <u>Other</u> State Funds | (Unknown) | (Unknown) | (Unknown) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| Federal* | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

* Reimbursements and expenditures \$0 to Unknown and net to \$0.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agency.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state the MCHCP provides coverage for ultrasounds at the same benefit level as other radiological examinations. Therefore, this legislation does not fiscally impact the MCHCP.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Department of Transportation (MoDOT)** state this proposed legislation amends existing law which requires health insurance coverage for low-dose mammography screenings for non-symptomatic women and also include additional benefits for a comprehensive ultrasound screening of the entire breast or breasts based on the following: the woman is believed to be at increased risk for breast cancer due to family history or prior personal history of breast cancer, positive genetic testing or other indications as determined by a patient's physician. It also requires each mammography report to include information about breast density and a statement regarding a patient's rights to supplementary screening tests.

While the MoDOT/Missouri State Highway Patrol (MHP) Medical Plan would not fall under this definition of "health carrier," the Plan would arguably still be required to comply with the bill's requirements. If required to comply with the bill's requirements, this bill could have a fiscal impact on MoDOT/MHP Medical Plan.

The MoDOT's current claims administrator, Coventry Health Care, reviewed the language on behalf of the Plan. Coventry currently accepts the American College of Radiology standards that all abnormal mammograms regarding dense breasts or a high risk individual an ultrasound or MRI would be warranted and the Plan is covering those today as medically necessary tests in accordance with the generally accepted guidelines of the standard of care for Breast pathology/abnormalities. However, the language provided on every report may increase utilization.

There will not be a fiscal impact to Missouri Highway Transportation Commission (MHTC); however, there may be a financial impact to the Plan. The impact cannot be determined.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Department of Social Services (DSS)** state this legislation does not revise Chapter 208, RSMo and, therefore, does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The MO HealthNet Division (MHD) assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

The MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well as the complexity of those changes. This cost is unknown but may be as high as \$100,000. Since this is an administrative cost there will be a 50% federal match rate.

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

If this occurs the cost to the MHD is unknown. These additional costs would occur in the second and third years.

FY12: Total cost is unknown < \$100,000 (GR unknown < \$50,000)

FY13: Total cost is unknown

FY14: Total cost is unknown

HWC:LR:OD

ASSUMPTION (continued)

Oversight assumes the provisions of the proposal would not take effect until the beginning of the next plan year (January 1, 2012) and, therefore, presents costs for 6 months for FY 2012.

| <u>FISCAL IMPACT - State Government</u> | FY 2012 (6 Mo.) | FY 2013 | FY 2014 |
|---|---|--------------------------------|--------------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Costs - DSS</u> | | | |
| Increase in program expenditures | <u>\$0 or (Unknown less than \$50,000)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>\$0 or (Unknown less than \$50,000)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
| ROAD FUND | | | |
| <u>Costs - MoDOT</u> | | | |
| Increase in state share of health care costs | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON ROAD FUND | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| INSURANCE DEDICATED FUND | | | |
| <u>Income - DIFP</u> | | | |
| Form filing fees | <u>Up to \$5,000</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND | <u>Up to \$5,000</u> | <u>\$0</u> | <u>\$0</u> |

| | | | |
|---|--------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2012 (6 Mo.) | FY 2013 | FY 2014 |
|---|--------------------|---------|---------|

FEDERAL FUNDS

Income - DSS

| | | | |
|------------------------------------|----------------------------------|----------------|----------------|
| Increase in program reimbursements | \$0 or Unknown up to \$50,000 | \$0 or Unknown | \$0 or Unknown |
|------------------------------------|----------------------------------|----------------|----------------|

Costs - DSS

| | | | |
|----------------------------------|--|-----------------------------|-----------------------------|
| Increase in program expenditures | <u>\$0 or (Unknown up to \$50,000)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
|----------------------------------|--|-----------------------------|-----------------------------|

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

| | | |
|-------------------|-------------------|-------------------|
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|-------------------|-------------------|-------------------|

| | | | |
|---|--------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2012 (6 Mo.) | FY 2013 | FY 2014 |
|---|--------------------|---------|---------|

| | | |
|-------------------|-------------------|-------------------|
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|-------------------|-------------------|-------------------|

FISCAL IMPACT - Small Business

The proposal may impact small business that provide insurance coverage for employees if insurance premiums increase as a result of the provisions of this proposal.

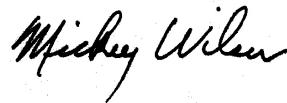
FISCAL DESCRIPTION

Under this proposal, certain health insurance policies must provide coverage for comprehensive ultrasound screening of an entire breast or breasts if a mammogram demonstrates heterogeneous or dense breast tissue based on the Breast Imaging Reporting and Data System established by the American College of Radiology or if a woman is believed to be at increased risk for breast cancer due to family history or prior personal history of breast cancer, positive genetic testing or other indications as determined by a patient's physician. The proposal also requires each mammography report provided to a patient to include information about breast density, based on the Breast Imaging Reporting and Data System established by the American College of Radiology. The proposal further requires the report to include a notice, if applicable, informing the patient of the benefits of additional screening tests associated with dense breast tissue results.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions, and Professional Registration
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



Mickey Wilson, CPA
Director
April 19, 2011